

CENTRAL DISPATCH NETWORK

AUDIT REPORT

APRIL 1, 2003 - MARCH 31, 2004

POST, SMYTHE, LUTZ & ZIEL LLP
Certified Public Accountants

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name CENTRAL DISPATCH NETWORK	County WAYNE
Audit Date MARCH 31, 2004	Opinion Date JULY 9, 2004	Date Accountant Report Submitted to State: SEPTEMBER 20, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
Letter of comments and recommendations.	X		
on individual federal financial assistance programs (program audits).			X
Audit Reports (ASLGU).			X

Public Accountant (Firm Name)

Smythe, Lutz & Ziel LLP, Certified Public Accountants

1 E. MICHIGAN AVE.

City

WAYNE

State

MI

ZIP

48184

Date

09/20/2004

LD H. TRASKOS, C.P.A.

Central Dispatch Network
Annual Financial Report
For the Year Ended March 31, 2004

Table of Contents

Independent Auditor's Report	1
General Purpose Financial Statements	
Combined Balance Sheet	2 - 3
Statement of Revenues, Expenses and Changes in Fund Balance - Governmental Fund Type - Budget and Actual	5
Notes to Financial Statements	6 - 9
Supplementary Information	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	11

POST, SMYTHE, LUTZ & ZIEL LLP

Certified Public Accountants

WAYNE

Frank W. Smythe, C.P.A.
Ronald H. Traskos, C.P.A.
Kathy Billings, C.P.A.

35110 EAST MICHIGAN AVE.
WAYNE, MICHIGAN 48184

TELEPHONE (734)722-9190
FACSIMILE (734)722-2410

PLYMOUTH

Dennis M. Siegner, C.P.A., C.V.A.
David R. Williamson, C.P.A.
Jane F. Wang, C.P.A.
Joseph N. Elder, C.P.A.

Sharon Walz Duckworth, C.P.A.
Cari Ford, C.P.A.
Wendy Leung Lee, C.P.A., C.V.A.
Therese Mulholland, C.P.A.

Marty C. Morrison, C.P.A.
Rana M. Emmons, C.P.A.
Jennifer A. Galofaro, C.P.A., C.V.A.
Susan H. Bertram, C.P.A.

INDEPENDENT AUDITOR'S REPORT

July 9, 2004

Central Dispatch Network
Belleville, Michigan 48111

We have audited the accompanying general purpose financial statements of Central Dispatch Network as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of Central Dispatch Network, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Central Dispatch Network as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 9, 2004, on our consideration of the Central Dispatch Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,



POST, SMYTHE, LUTZ & ZIEL LLP
Certified Public Accountants
Wayne, Michigan

Central Dispatch Network
Combined Balance Sheet
March 31, 2004
With Comparative Totals for March 31, 2003

	Governmental <u>Fund Type</u>	<u>Account Group</u> General Fixed <u>Assets</u>
<u>ASSETS</u>	Operating <u>Fund</u>	
Cash in Bank	\$ 11,457	\$ --
Accounts Receivable	21,682	--
Due from Other Governmental Units:		
Sumpter Township	6,844	--
Prepaid Expense	522	--
Fixed Assets	--	--
Total Assets	<u>\$ 40,505</u>	<u>\$ --</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Accounts Payable	\$ 27,827	\$ --
Salaries Payable	8,451	--
Pension Payable	2,618	--
Total Liabilities	<u>38,896</u>	<u>--</u>
Fund Equity:		
Investment in General Fixed Assets	--	
Fund Balance		
Unreserved, Undesignated	1,609	--
Total Fund Equity	<u>1,609</u>	<u>--</u>
Total Liabilities and Fund Equity	<u>\$ 40,505</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

Totals
Memorandum
Only

March 31, <u>2004</u>	March 31, <u>2003</u>
\$ 11,457	\$ 23,295
21,682	14,722
6,844	2,374
522	492
--	--
<u>\$ 40,505</u>	<u>\$ 40,883</u>
\$ 27,827	\$ 3,165
8,451	7,952
<u>2,618</u>	<u>2,206</u>
<u>38,896</u>	<u>13,323</u>
--	--
<u>1,609</u>	<u>27,560</u>
<u>1,609</u>	<u>27,560</u>
<u>\$ 40,505</u>	<u>\$ 40,883</u>

Central Dispatch Network
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund Type - Budget and Actual
For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	March 31, 2003 <u>Actual</u>
Revenue:				
City of Belleville	\$ 150,000	\$ 142,350	\$ (7,650)	\$ 145,000
Township of Sumpter	150,000	142,350	(7,650)	145,000
State Shared Revenue	2,467	3,812	1,345	8,098
Dispatch Service to Others	3,914	3,914	--	7,400
Jail Revenue	19,315	23,661	4,346	11,454
Tower Revenue	12,221	12,312	91	11,726
Refunds	852	889	37	949
Grant - PSFA	16,026	16,026	--	--
Interest	650	241	(409)	686
Total Revenue	<u>355,445</u>	<u>345,555</u>	<u>(9,890)</u>	<u>330,313</u>
Expenditures:				
Salaries	205,259	202,786	2,473	187,261
Fringe Benefits	67,000	66,786	214	60,815
State of Michigan Lien	3,500	1,179	2,321	4,800
Communications	8,195	9,483	(1,288)	7,944
Equipment Maintenance	7,500	6,221	1,279	7,388
Office Supplies	2,300	2,014	286	1,916
Operating Supplies	3,465	3,534	(69)	2,933
Liability Insurance	--	--	--	--
Training and Education	4,700	4,669	31	1,974
Accounting and Legal Fees	8,000	8,213	(213)	6,075
Contracted Services	6,600	7,096	(496)	3,449
Transportation and Travel	500	205	295	665
Rent	3,500	3,500	--	3,500
Food for Prisoners	2,470	2,954	(484)	2,247
Medical	700	--	700	166
Miscellaneous	250	364	(114)	175
Capital Outlay	52,150	52,502	(352)	801
Total Expenditures	<u>376,089</u>	<u>371,506</u>	<u>4,583</u>	<u>292,109</u>
Excess of Revenue Over/(Under)				
Expenditures	<u>(20,644)</u>	<u>(25,951)</u>	<u>(5,307)</u>	<u>38,204</u>
Fund Equity, Beginning of Year	<u>27,560</u>	<u>27,560</u>	<u>--</u>	<u>(10,644)</u>
Fund Equity, End of Year	<u>\$ 6,916</u>	<u>\$ 1,609</u>	<u>\$ (5,307)</u>	<u>\$ 27,560</u>

The accompanying notes are an integral part of this statement.

Central Dispatch Network
Notes to Financial Statements
March 31, 2004
Page 1 of 4

1. Description of Reporting Entity

Central Dispatch Network, a joint venture, was created by an agreement between the City of Belleville and Sumpter Township on October 20, 1987 under the authoritative provisions of Act No. 8 of the Public Acts of Michigan, 1967. The purpose of the Network is to provide emergency communication services to its members.

The Central Dispatch Network Board consists of four members appointed equally by Sumpter Township and the City of Belleville. This Board has the responsibility to approve operating budgets; however, the City of Belleville and Sumpter Township have the responsibility to fund deficits and will share in any fund equity of the Central Dispatch Network.

2. Summary of Significant Accounting Policies

The financial statements of Central Dispatch Network have been prepared with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the policies are described below.

A. Basis of Presentation

Central Dispatch Network uses funds and account groups to report its financial position and the results of its operations.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental Fund

General Fund - The General Fund is the general operating fund of the Network. It is used to account for all financial resources except those required to be accounted for in another fund.

Account Groups

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the Network.

B. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by the governmental fund type. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means that amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due.

Central Dispatch Network
Notes to Financial Statements
March 31, 2004
Page 2 of 4

2. Summary of Significant Accounting Policies - Continued

C. Budget

The Police Chief submits an annual budget to the Network Board in March for Board approval. Once approved, the Board may amend the legally adopted budget as necessary.

A budget was adopted and amended on a basis consistent with generally accepted accounting principles. Annual appropriations lapse at fiscal year end.

Budgeted amounts are as originally adopted or amended by the Central Dispatch Network Board.

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits.

Additional cash and investment information, and fair values are presented in Note 3.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond March 31, 2004, are recorded as prepaid items.

F. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed asset account group. All purchased fixed assets are valued at cost.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Assets in the general fixed asset account group are not depreciated.

G. Lease Expense

The Network leases space from the City of Belleville on an annual basis at a cost of \$3,500 per year.

H. Compensated Absences

Central Dispatch Network employees are granted vacation time based on length of service. All unused vacation time is paid at the current rate at the time of resignation or retirement. Sick leave is accumulated at the rate of one day per month of employment for all employees to a maximum of 120 days. One-half of unused accumulated sick days shall be paid at the current rate upon separation from employment.

The balance at March 31, 2004, for accrued compensated absences of \$6,666.

Central Dispatch Network
Notes to Financial Statements
March 31, 2004
Page 3 of 4

2. Summary of Significant Accounting Policies - Continued

I. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

J. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation.

3. Deposits and Investments

Under State law, the Central Dispatch Network is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury and commercial paper with certain investment grades.

At March 31, 2004, the Central Dispatch Network's carrying amount of deposits was \$12,935. All of the bank balance was covered by federal depository insurance.

Investments are categorized into these three categories of credit risk:

- 1) Insured or registered, or securities held by the government or its agent in the government's name.
- 2) Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the government's name.
- 3) Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the government's name.

At March 31, 2004, Central Dispatch Network had no investment balances.

4. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
Assets:				
Equipment	\$ 125,828	\$ 52,502	\$ --	\$ 178,330
Building Improvements	1,236	--	--	1,236
Total Assets	<u>\$ 127,064</u>	<u>\$ 52,502</u>	<u>\$ --</u>	<u>\$ 179,566</u>

Central Dispatch Network
Notes to Financial Statements
March 31, 2004
Page 4 of 4

5. Deferred Compensation Plan

The Central Dispatch Network offers its employees a deferred compensation plan created in accordance with IRS Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts and all income attributable to such amounts, property or rights are, until made available to the employee or other beneficiary, solely the property and rights of the Network without being restricted to the provisions of benefits under the plan and thus subject to the claims of the Network's general creditors. Participant's rights created under the plan are equivalent to those of general creditors of the Network.

Investments are managed by the plan's trustee under one of four investment options, or a combination thereof. The choice of the investment option(s) is made by the participants.

Under the Small Business Job Protection Act of 1996, plan assets are held in trust for the exclusive benefit of plan participants. Therefore, deferred compensation plan assets are excluded from this report.

POST, SMYTHE, LUTZ & ZIEL LLP
Certified Public Accountants

WAYNE

Frank W. Smythe, C.P.A.
Ronald H. Traskos, C.P.A.
Kathy Billings, C.P.A.

35110 EAST MICHIGAN AVE.
WAYNE, MICHIGAN 48184

TELEPHONE (734)722-9190
FACSIMILE (734)722-2410

PLYMOUTH

Dennis M. Siegner, C.P.A., C.V.A.
David R. Williamson, C.P.A.
Jane F. Wang, C.P.A.
Joseph N. Elder, C.P.A.

Sharon Walz Duckworth, C.P.A.
Cari Ford, C.P.A.
Wendy Leung Lee, C.P.A., C.V.A.
Therese Mulholland, C.P.A.

**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Marty C. Morrison, C.P.A.
Rana M. Emmons, C.P.A.
Jennifer A. Galofaro, C.P.A., C.V.A.
Susan H. Bertram, C.P.A.

July 9, 2004

Central Dispatch Network
Belleville, Michigan 48111

We have audited the general purpose financial statements of Central Dispatch Network as of and for the year ended March 31, 2004, and have issued our report thereon dated July 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

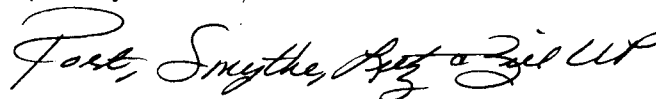
As part of obtaining reasonable assurance about whether Central Dispatch Network's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Dispatch Network's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and the Board and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



POST, SMYTHE, LUTZ & ZIEL LLP
Certified Public Accountants
Wayne, Michigan